

BEFORE THE
ILLINOIS COMMERCE COMMISSION

GE CAPITAL COMMUNICATION SERVICES) DOCKET NO.
CORPORATION and GE CAPITAL) 01 -0322
TELEMANAGEMENT SERVICES CORPORATION)
)
Petition for Authority to Reorganize)
and for Approval, as Necessary, of)
Related Transactions.)

Springfield, Illinois
May 3, 2001

Met, pursuant to notice, at 10:00 A.M.

BEFORE:

MR. WILLIAM SHOWTIS, Examiner

APPEARANCES:

MS. BRETT FREEDSON
Kelley, Drye & Warren, LLP
120019th Street, N.W.
Suite 500
Washington, D.C. 20036

(Appearing on behalf of Petitioners via
teleconference)

SULLIVAN REPORTING COMPANY, by
Cheryl A. Davis, Reporter, CSR License #084 -001662

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1 PROCEEDINGS

2 EXAMINER SHOWTIS: Pursuant to the authority
3 vested in me by the Commission, I now call for
4 hearing Docket 01-0322 which concerns the petition
5 of GE Capital Communication Services Corporation
6 and GE Capital Telemanagement Services Corporation
7 for authority to reorganize and for approval, as
8 necessary, of related transactions.

9 Will the parties please enter their
10 appearances for the record.

11 MS. FREEDSON: My name is Brett Freedson. I'm
12 an attorney with Kelley, Drye & Warren in
13 Washington, D.C. I have with me Erin Swansiger
14 with Kelley, Drye & Warren in Washington, D.C., and
15 our witness for GE Capital Communication Services
16 Corporation is Meredith Gifford, the Assistant Vice
17 President of Regulatory Affairs.

18 EXAMINER SHOWTIS: Ms. Freedson, are you
19 admitted to practice law in the State of Illinois?

20 MS. FREEDSON: No, I'm not.

21 EXAMINER SHOWTIS: Okay. The Rules of
22 Practice provide that upon special leave of the

1 Examiner, attorneys who are not admitted to
2 practice in the State of Illinois can represent
3 parties before the Commission, so are you
4 requesting special leave to appear today?

5 MS. FREEDSON: Yes, I am.

6 EXAMINER SHOWTIS: Okay. Permission is
7 granted for Ms. Freedson to represent Petitioner in
8 this proceeding.

9 Ms. Freedson, why don't you ask a few
10 preliminary questions of Ms. Gifford. Have her
11 identify herself, her position, and then ask
12 whether she supports all the representations that
13 are made in the application. So you may proceed
14 and just ask those preliminary questions.

15 MS. FREEDSON: Thank you.

16 EXAMINER SHOWTIS: Oh, wait a minute. I'm
17 sorry. I have to swear the witness.

18 (Whereupon Meredith Gifford
19 was telephonically sworn by
20 Examiner Showtis.)

21 EXAMINER SHOWTIS: Okay.

22

1 MEREDITH GIFFORD

2 called as a witness on behalf of the Petitioner,
3 having been first duly sworn, was examined and
4 testified as follows:

5 DIRECT EXAMINATION

6 BY MS. FREEDSON:

7 Q. Ms. Gifford, can you please state your
8 full name, title, and business address for the
9 record?

10 THE WITNESS:

11 A. Yes. It's Meredith Gifford. I'm
12 Assistant Vice President - Regulatory Affairs and
13 Assistant Secretary for GE Capital Communication
14 Services Corporation which is located at 6540
15 Powers Ferry Road, Atlanta, Georgia 30339.

16 MS. FREEDSON: Thank you.

17 EXAMINATION

18 BY EXAMINER SHOWTIS:

19 Q. Ms. Gifford, have you had a chance to
20 look at the application filed in this proceeding?

21 A. Yes, I have.

22 Q. And to the best of your knowledge, are

1 all the representations made in that application
2 true and correct?

3 A. Yes, they are.

4 Q. Okay. I have a couple clarification
5 questions.

6 It's my understanding that GE Capital
7 Communication Services Corporation presently holds
8 a certificate to provide both local exchange and
9 interexchange telecommunications services. Is that
10 correct?

11 A. In the State of Illinois that's correct.

12 Q. However, is it also correct that GE
13 Capital Communication Services Corporation does not
14 have any local exchange customers?

15 A. That's correct; at this time we don't.

16 Q. And GE Capital Telemanagement Services
17 Corporation is only seeking authority for the
18 resale of interexchange services. Is that correct?

19 A. That's right.

20 Q. So, in other words, GE Capital
21 Telemanagement Services Corporation is not seeking
22 any local exchange authority. Is that correct?

1 A. That's right. That's correct.

2 Q. Has GE Capital Telemanagement Services
3 Corporation filed applications seeking authority in
4 any other states?

5 A. Authority to provide long distance
6 service in 49 -- well, I think they've all been
7 filed. Maybe Brett could probably answer that
8 better.

9 Q. Okay. But the Applicant here has filed
10 to provide interexchange service in various other
11 jurisdictions?

12 A. Yes, and local exchange service in
13 Massachusetts and Connecticut where we do have
14 local customers at this point.

15 Q. Has it obtained that authority yet, if
16 you know?

17 A. I don't -- counsel could better answer
18 that there.

19 MS. FREEDSON: GE Capital Telemanagement
20 Services Corporation, their applications are still
21 pending.

22 EXAMINER SHOWTIS: Okay.

1 Q. So as I understand it, and maybe you can
2 correct me, is GE Capital Telemanagement Services
3 Corporation seeking certificates to provide the
4 same telecommunication services in the various
5 states that GE Capital Communication Services
6 Corporation is providing?

7 A. Yes, with the one change that except in
8 Massachusetts and Connecticut where we have local
9 service customers. In any other states where GE
10 Capital Communication Services Corporation had
11 local authority, we are not pursuing those local
12 authorities on behalf GE Capital Telemanagement
13 Services Corporation.

14 Q. So in looking at item 9 on the
15 application, if I understand the situation, GE
16 Capital Communication Services Corporation was
17 authorized to provide local service in 11 states
18 including Illinois but actually only provided local
19 exchange service in Massachusetts and Connecticut.

20 A. That's correct.

21 Q. Okay.

22 In Item 13 Applicant indicates that it

1 will not be keeping its books and records in
2 Illinois. Where will it be keeping its books and
3 records?

4 A. They're here in Atlanta, Georgia.

5 Q. And could you give me the address for
6 that office?

7 A. Yes. That's at the address I just
8 stated, 6540 Powers Ferry Road in Atlanta, 30339.

9 Q. Is that the principal office of the
10 Applicant?

11 A. Yes.

12 Q. And so I take it Applicant is seeking
13 permission pursuant to Code Part 250 for authority
14 to keep its books and records at its office in
15 Atlanta, Georgia. Is that correct?

16 A. Yes, that's correct.

17 Q. It's my understanding that notice has
18 been sent to the customers of GE Capital
19 Communication Services Corporation explaining that
20 their new interexchange carrier will be GE Capital
21 Telemanagement Services Corporation?

22 A. Notice has been sent. The specific

1 language of the notice talked about the internal
2 corporate reorg to GE Business Productivity
3 Solutions, Inc. which is going to be the name that
4 GE Capital Telemanagement Services Corporation is
5 going to change to.

6 Q. Okay. How was that notice sent? Was it
7 in a bill insert or some other way?

8 A. There's a box for marketing messages on
9 the first page of every bill.

10 Q. Okay.

11 A. And it was placed in that box on every
12 bill.

13 Q. And when was that notice sent?

14 A. The bills were -- they started
15 generating them April 19th, and my understanding is
16 that they would have been mailed out over the
17 course -- that they were mailed out over the course
18 of three days from between April 20th to April
19 23rd.

20 Q. Okay.

21 A. To every customer in Illinois.

22 EXAMINER SHOWTIS: And I believe I talked to

1 Ms. Freedson earlier with regard to this matter,
2 and she indicated that a copy of that notice would
3 be sent to my attention. Has that been sent yet,
4 Ms. Freedson?

5 MS. FREEDSON: Actually I was planning on
6 sending it out right after the hearing today in
7 case we had to send out some other materials to
8 accompany the information, so it will be sent to
9 you Federal Express this afternoon.

10 EXAMINER SHOWTIS: Okay.

11 Q. And so my understanding is the customers
12 then would have -- should have received that notice
13 between April 20th and April 23rd?

14 A. Well, it --

15 Q. Or that was when it was mailed.

16 A. Yeah, so give three or four days
17 mailing.

18 Q. All right.

19 A. So by the end of April they would have
20 gotten it.

21 Q. By the end of April they would have all
22 received notice.

1 A. Yes.

2 Q. Okay.

3 Now my understanding is the request is
4 for the certificate to be in the name of GE Capital
5 Telemanagement Services Corporation, and then after
6 the certificate is received, GE Capital
7 Telemanagement Services Corporation will change its
8 name to GE Business Productivity Solutions, Inc.
9 Is that correct?

10 A. That's the sequence. I'm going to look
11 to counsel to answer whether we're going to wait to
12 receive the certificate before we do the name
13 change.

14 MS. FREEDSON: Well, we need -- we will need
15 to receive the certificate before we can actually
16 merge because the surviving entity will be GECTS,
17 so we will need the certificate in order for that
18 entity to be providing service, and then after the
19 merger the name change will happen. So, yes, the
20 name change is going to happen after we get the
21 certificate.

22 EXAMINER SHOWTIS: Okay.

1 THE WITNESS: Okay.

2 EXAMINER SHOWTIS: If GE Capital
3 Telemanagement Services Corporation receives a
4 certificate, it would then -- it could then later
5 change its name to GE Business Productivity
6 Solutions, Inc. without going through a formal
7 proceeding before the Commission. What you would
8 have to do at that point is make a filing with the
9 Chief Clerk indicating that the name has been
10 changed with a certificate from the Illinois
11 Secretary of State showing approval of that name
12 change with regard to authority to operate in
13 Illinois. So you wouldn't have to go through
14 another proceeding for that.

15 THE WITNESS: Could I ask a question?

16 EXAMINER SHOWTIS: Yes.

17 THE WITNESS: How long does it take before we
18 get the new certificate with the GE Capital
19 Telemanagement Services Corporation name on it?

20 EXAMINER SHOWTIS: Well, you have to have
21 thirty days' notice to the customers for the first
22 entity to cancel its certificate, and I believe

1 that notice you said was -- should be received by
2 the customers by April 30th. So I guess what I'm
3 saying is that there could be an order on the new
4 certificate at the end of the month or in early
5 June.

6 THE WITNESS: Okay. And then the name change
7 would be effective how quickly after that?

8 EXAMINER SHOWTIS: As soon as you have
9 consummated the name change and got the approval
10 from the Secretary of State. There wouldn't be a
11 formal proceeding for that.

12 THE WITNESS: No, I understand that. I'm just
13 trying to ensure that we have issued the proper
14 notice to the customers of telling them about the
15 name change and the internal reorg because our
16 notice doesn't -- the notice we sent out doesn't
17 talk about GE Capital Telemanagement Services
18 Corporation, but it sounds to me like we'll have
19 the new certificate and the name change done before
20 customers receive another bill, and so I was just
21 trying to confirm that the notice we sent was
22 correct.

1 EXAMINER SHOWTIS: Well, I assume it would
2 serve the Commission's purposes.

3 Q. Would it be your intention for there to
4 be any period of time where GE Capital
5 Telemanagement Services Corporation would be
6 offering service?

7 A. Not under that current name.

8 Q. Okay.

9 A. But under --

10 Q. But there is some reason why it has to
11 go to that name first?

12 A. Yes, yes.

13 Q. Okay.

14 A. So it's just a timing question for
15 outside counsel to fix, to make sure that our bills
16 go -- that our notice is correct and that our bills
17 go from GE Capital Communication Services
18 Corporation directly to GE Business Productivity
19 Solutions.

20 Q. Okay.

21 A. I'm sure they can accomplish that.

22 Q. Okay. But it is the request that the

1 new certificate issued in this proceeding be in the
2 name of GE Capital Telemanagement Services
3 Corporation.

4 A. That's correct.

5 MS. FREEDSON: Mr. Showtis, may I clarify
6 something regarding the tariff filing? I just
7 wanted to clarify that when we get the certificate,
8 we will be filing a tariff in the name of GE
9 Capital Telemanagement Services Corporation that
10 will be effective immediately.

11 EXAMINER SHOWTIS: Yes, you can do that.

12 MS. FREEDSON: And then we would also be
13 filing a GE Business Productivity Solutions tariff
14 that would be effective immediately. Is that
15 correct?

16 EXAMINER SHOWTIS: Well, I think that's
17 something you probably could talk to the Clerk's
18 Office about here, you know, as far as how that
19 would be accomplished.

20 MS. FREEDSON: Okay.

21 EXAMINER SHOWTIS: Because you would not have
22 two tariffs in two names that are effective, you

1 know, immediately.

2 MS. FREEDSON: Right. Actually, what I meant
3 to say, and I apologize, what I meant to say is
4 that we would file the tariff for the GECTS, the
5 Capital Telemanagement Services Corporation, and
6 then we would amend that tariff to reflect the name
7 change later on.

8 EXAMINER SHOWTIS: That's fine. That's fine.

9 MS. FREEDSON: Okay.

10 EXAMINER SHOWTIS: You would get the tariffs
11 in place in GE Capital Telemanagement Services
12 Corporation. Then you would make a filing with the
13 Chief Clerk with evidence that that corporation's
14 name has been changed to the GE Business
15 Productivity Solutions, Inc.

16 MS. FREEDSON: Okay.

17 EXAMINER SHOWTIS: And that would just be a
18 ministerial action. There wouldn't be a formal
19 approval of that, but you would have to accompany
20 the filing with the certificate from the Illinois
21 Secretary of State showing that the name has been
22 changed here.

1 MS. FREEDSON: All right. That's what I was
2 wondering about. Thank you.

3 EXAMINER SHOWTIS: I already told counsel for
4 the Petitioners that the Commission does not have
5 jurisdiction over the internal reorganization.
6 Since both GE Capital Communication Services
7 Corporation and GE Capital Telemanagement Services
8 Corporation would be providing only competitive
9 telecommunications services, the Commission does
10 not have jurisdiction over the reorganization, so
11 no approval of the reorganization is required. So
12 the order in this proceeding will state that fact.

13 Q. With regard to the reorganization, will
14 the individuals who are involved in management of
15 GE Capital Communication Services Corporation be
16 the individuals who will be in managerial
17 capacities for GE Business Productivity Solutions,
18 Inc.?

19 A. Yes.

20 Q. In other words, it's the same personnel.

21 A. It's the same guys, yeah.

22 Q. Okay.

1 Do you know how many employees GE
2 Capital Communication Services Corporation has?

3 A. Actually, legally GE Capital
4 Communication Services Corporation has no
5 employees. GE Capital, which is the parent
6 corporation, General Electric Capital Corporation,
7 has the employees.

8 Q. Okay. So it's the employees of GE
9 Capital that have been operating GE Capital
10 Communication Services Corporation. Is that
11 correct?

12 A. Yes. Some number of -- some portion of
13 the GE Capital employees operate this division.

14 Q. And the full name of that corporation is
15 General Electric Capital Corporation?

16 A. Yes.

17 Q. Okay. So is that basically how they
18 operate in all the states? That the subsidiaries
19 that obtain the certificates rely on the employees
20 of the parent company?

21 A. Well, let me clarify. Our paychecks
22 come from General Electric Capital Corporation, but

1 we are located in Atlanta and in several satellite
2 sales offices in the country. We operate only on
3 behalf of GE Capital Communication Services
4 Corporation. We don't borrow employees from other
5 divisions.

6 Q. Okay.

7 A. It's just a question of where the
8 paychecks come from. It's a little complicated
9 because of the structure.

10 Q. Okay.

11 A. Of General Electric.

12 Q. But GE Capital Communication Services
13 Corporation itself doesn't have employees.

14 A. Not per se, but it does have General
15 Electric Capital Corporation employees that work
16 only on behalf of GE Capital Communication Services
17 Corporation.

18 Q. Okay. So I would assume, similarly, GE
19 Capital Corporation also has employees that work
20 only for other affiliates that provide
21 telecommunication services in other states.

22 A. It would be similar that General

1 Electric Capital Corporation has other employees
2 that work on behalf of other General Electric
3 Capital Corporation divisions, but as far as I'm
4 aware, there are no other telecommunications
5 entities within General Electric Capital
6 Corporation other than us, GE Capital
7 Communications Services Corporation.

8 Q. Okay.

9 A. But to go back to your original
10 question, I think it's 100 plus employees that work
11 on behalf of GE Capital Communication Services
12 Corporation solely.

13 Q. Okay.

14 A. Well, and GE Capital Telemanagement
15 Services Corporation.

16 Q. Okay.

17 A. Does that make it clear?

18 Q. Yes, I think I understand now. So
19 there's approximately 100 employees of GE Capital
20 Corporation that work for or devote all their time
21 to GE Capital Communication Services Corporation
22 and its operations in the various states.

1 A. Yes, and those same employees also --
2 some portion of those employees also operate on
3 behalf of GE Capital Telemanagement Services
4 Corporation. It's the same pool of employees.

5 EXAMINER SHOWTIS: Okay. I think that's all
6 the questions I have.

7 I'm not going to go over the waivers
8 that are sought. It's clear from the application
9 that Applicant is seeking waiver of Part 710 and
10 735.

11 Were there any financial statements
12 submitted with the application?

13 MS. FREEDSON: We submitted the financials of
14 GE, Exhibit E.

15 EXAMINER SHOWTIS: Okay. That's fine. I just
16 don't seem to have a copy of that, but I'll get
17 that.

18 MS. FREEDSON: Mr. Showtis, I'd like to also
19 fax you a copy of the notification that we sent our
20 customers, and is it possible to get a fax number
21 from you and send that and fax that as well as send
22 it?

1 EXAMINER SHOWTIS: That's fine.

2 MS. FREEDSON: Okay. What's your fax number?

3 EXAMINER SHOWTIS: I'll give it to you. My
4 mind is blank right now, but I'll give it to you at
5 the close of the hearing.

6 MS. FREEDSON: Okay. Thank you.

7 EXAMINER SHOWTIS: Okay. There is just one
8 exhibit that I would like you to submit and that
9 would be the notice that was sent to the customers,
10 and that will be identified as Petitioners'
11 Late-Filed Exhibit 1 and is admitted into evidence
12 at this time subject to its filing.

13 (Whereupon Petitioners'
14 Late-Filed Exhibit 1 was
15 received into evidence.)

16 MS. FREEDSON: Great. We'll send that to you
17 right away. Thank you.

18 EXAMINER SHOWTIS: Just one last question with
19 regard to the reorganization.

20 Q. When do you expect the reorganization to
21 be accomplished?

22 A. We're hoping to have pretty much

1 everything in place by June 1st.

2 Q. Okay. And with regard to the other
3 jurisdictions, do some of those jurisdictions
4 require approval of the reorganization itself?
5 That is, you know, the other states in which GE
6 Capital Communication Services Corporation is
7 operating. If you know.

8 A. I don't know the answer to that.
9 Outside counsel might.

10 MS. FREEDSON: I was about to answer that.
11 Yes, some of the -- I would say a handful of the
12 states that we're dealing with have also required
13 approval of the reorganization.

14 EXAMINER SHOWTIS: And you're still waiting at
15 this time for approval in some of those states?

16 MS. FREEDSON: We are awaiting approval in
17 some of those states. However, because this has
18 all been intercorporate, we expect those approvals
19 to go fairly quickly.

20 EXAMINER SHOWTIS: Okay. I don't have any
21 other questions.

22 Do Petitioners have anything else to

1 present?

2 MS. FREEDSON: Mr. Showtis, would you like us
3 to fax over the financials as well? You said you
4 didn't have those with you.

5 EXAMINER SHOWTIS: Not at this time. I'll
6 check them in the file again. I'm sure if they
7 were provided, you know, I'll get them. If not,
8 I'll ask that you send them, but I do see that I am
9 missing Exhibit E which, as you said, does contain
10 the financial statements.

11 MS. FREEDSON: Okay.

12 EXAMINER SHOWTIS: The record then will be
13 marked Heard and Taken.

14 HEARD AND TAKEN

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1 STATE OF ILLINOIS)
)SS
2 COUNTY OF SANGAMON)

3 CASE NO.: 01-0322

4 TITLE: GE CAPITAL COMMUNICATION SERVICES
 CORPORATION and GE CAPITAL TELEMAGEMENT
5 SERVICES CORPORATION

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10 I, Cheryl A. Davis, do hereby certify that I
11 am a court reporter contracted by Sullivan
12 Reporting Company of Chicago, Illinois; that I
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14 proceedings had on the hearing on the
15 above-entitled case on the 3rd day of May, 2001;
16 that the foregoing pages are a true and correct
17 transcript of my shorthand notes so taken as
18 aforesaid and contain all of the proceedings
19 directed by the Commission or other persons
20 authorized by it to conduct the said hearing to be
21 so stenographically reported.

22 Dated at Springfield, Illinois, on this 16th
 day of May, A.D., 2001.

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